



Defense Logistics Agency Directorate of Medical Materiel

Mission First - People Always

Every Day

Every Crisis



Domestic Sourcing Conference

May 4, 2004

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Deputy Director



Our Mission

Provide Medical Materiel Support to the Military Health System

Every Day and in Every Crisis



*Everything We Do Must Help The Health Care
Providers Perform Their Patient Care Mission.*

Whenever and Wherever



Our Challenges



Every Day

- Health Care Economics
- The Business of Health Care
- The Cost of Medical Materiel
- Reliable “Next Day” Support
- Business Intelligence

Every Crisis

- Ready on Day One
- Varied Missions/Requirements
- Resupply/Sustainment
- Control Commercial/Industrial Materiel
- Situational Awareness

Our Goal: An integrated, proactive supply chain able to support every day and every crisis requirements in a simultaneous manner.



DSCCP Medical Tenets of Customer Support

Ready on Day One!

Forward Presence



Situational Awareness



Best Federal Price



Strategic



Electronic Commerce





Directorate of Medical Materiel

67,000 NSNs
<2,000 stocked
264,000 PV items
1.9 million + ECAT items

Total Inventory
FY 91
\$629.1M

8900+
Customers

Average LRT = 2 Days

FY 03
\$3.18.6M*
The Big Picture

***Incl \$56M In Southwest Asia**

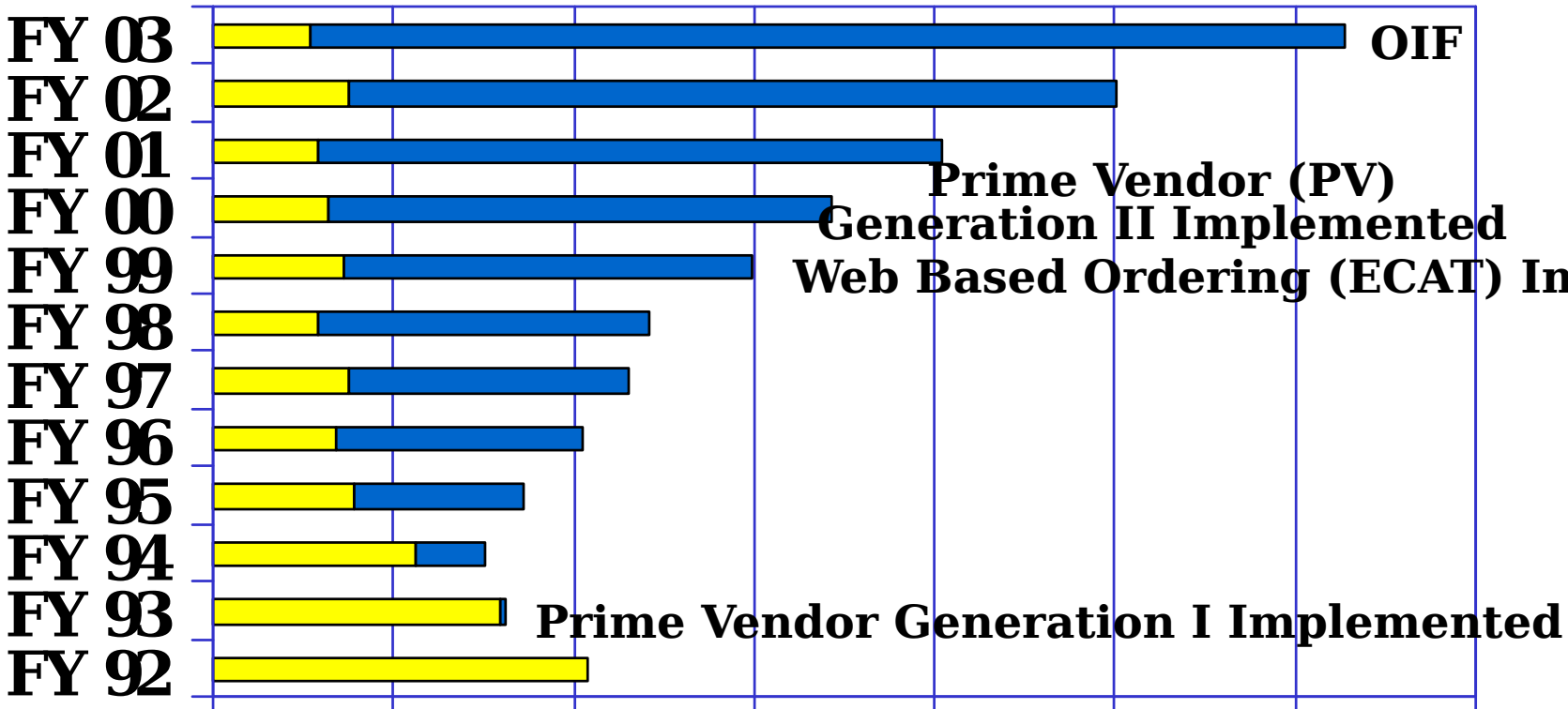
<u>Sales</u>	
FY01	\$2.021B
FY02	\$2.507B
FY03	\$3.137B
FY04 (Proj)	\$3.520B

<u>Personnel</u>		
	Military	Civilian
DSCP	13*	
	273	
Field	—	1
	13	

* 15 billets authorized



Transition to Commercial Business Practices



■ Traditional Support ■ Commercial Solutions*

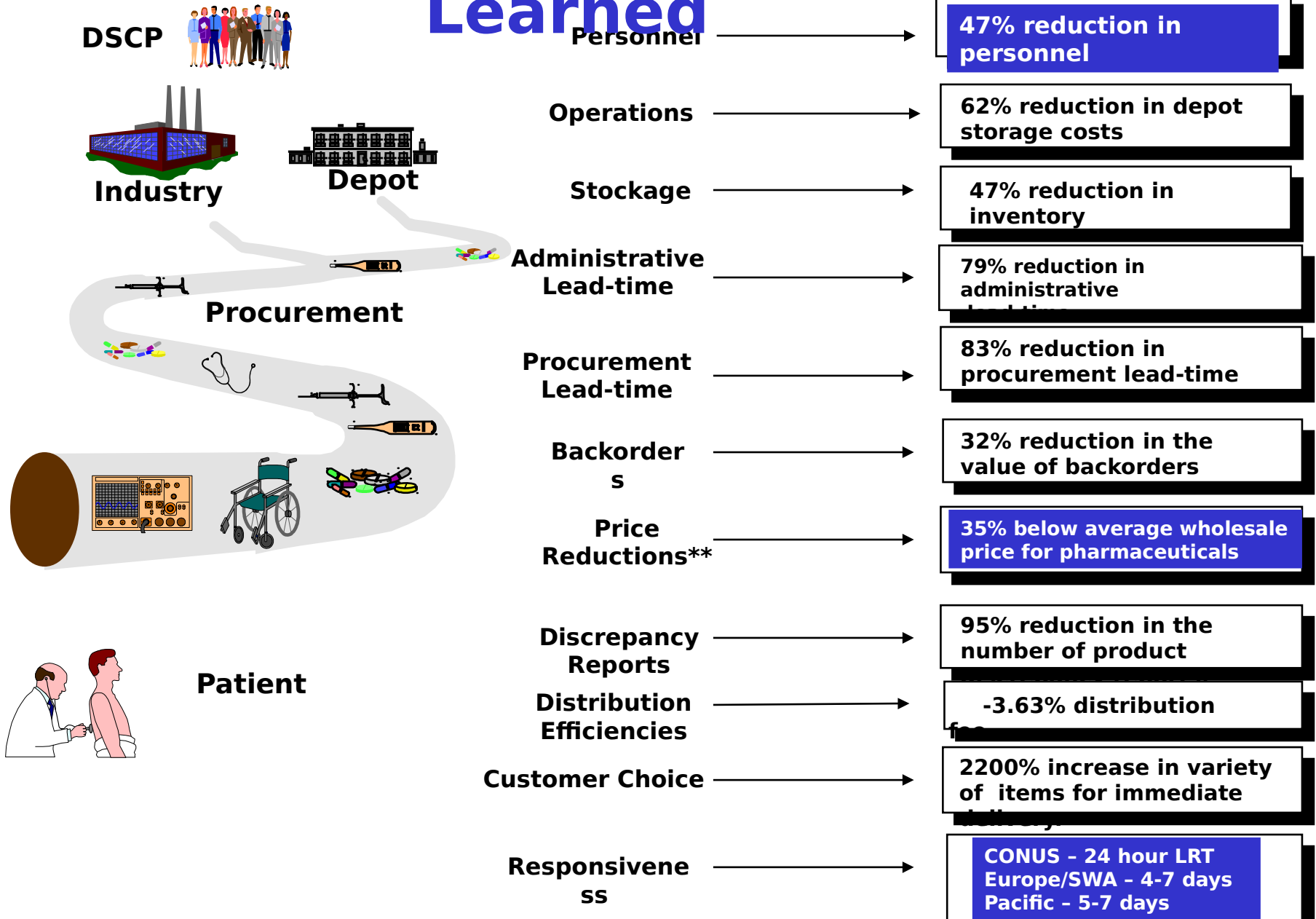
Medical Sales in \$Millions

* PV, ECAT

Commercialization Lessons

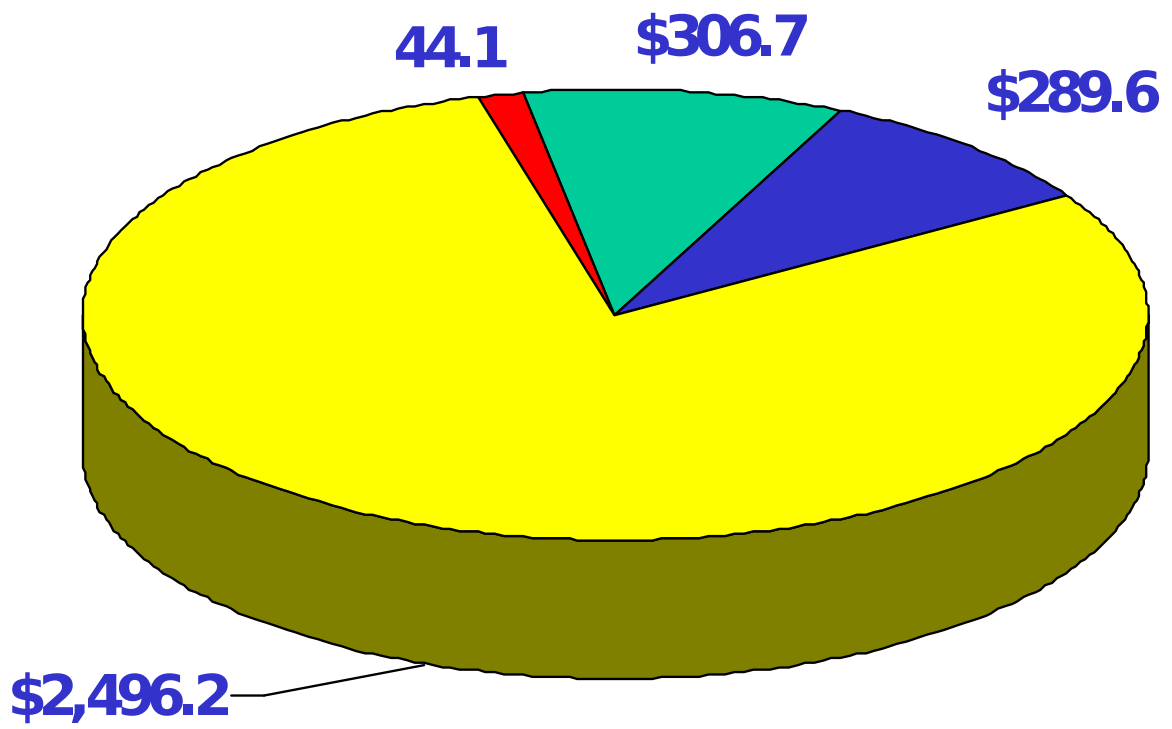
Learned

Since 1992





FY 03 Acquisitions by Program



 Equipment  Med/Surg  Pharm  DEPMEDS

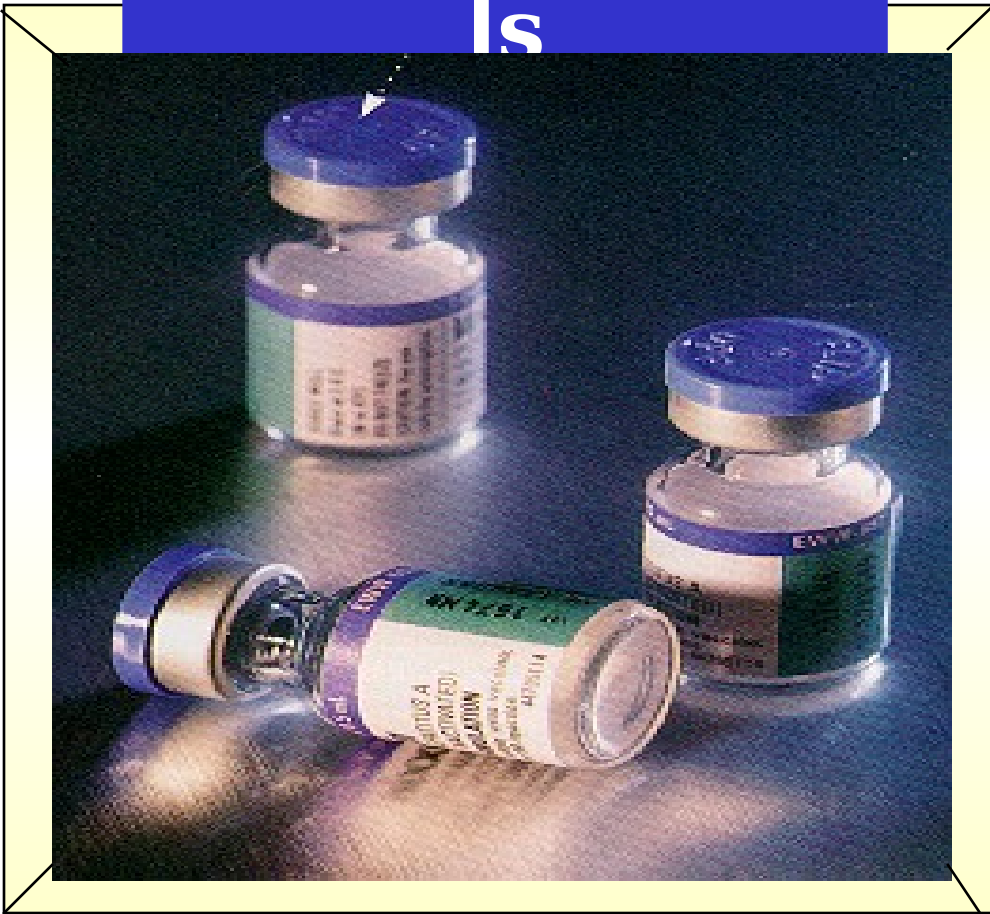


Medical Materiel Business Units

Provide Commodity Focus and Expertise



Pharmaceutica Is



*Every Day
and
Every Crisis*



Medical/Surgic
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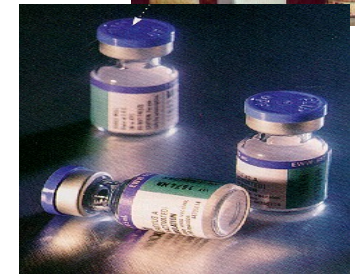


Readiness



Pharmaceuticals Key Initiatives

- Pharmaceutical Prime Vendor
(beginning Gen III process)
- DoD/DVA Agreement
 - Single Federal Price
 - Joint National Contracts
- Improve Fleet Prime Vendor
- Nerve Agent Antidote



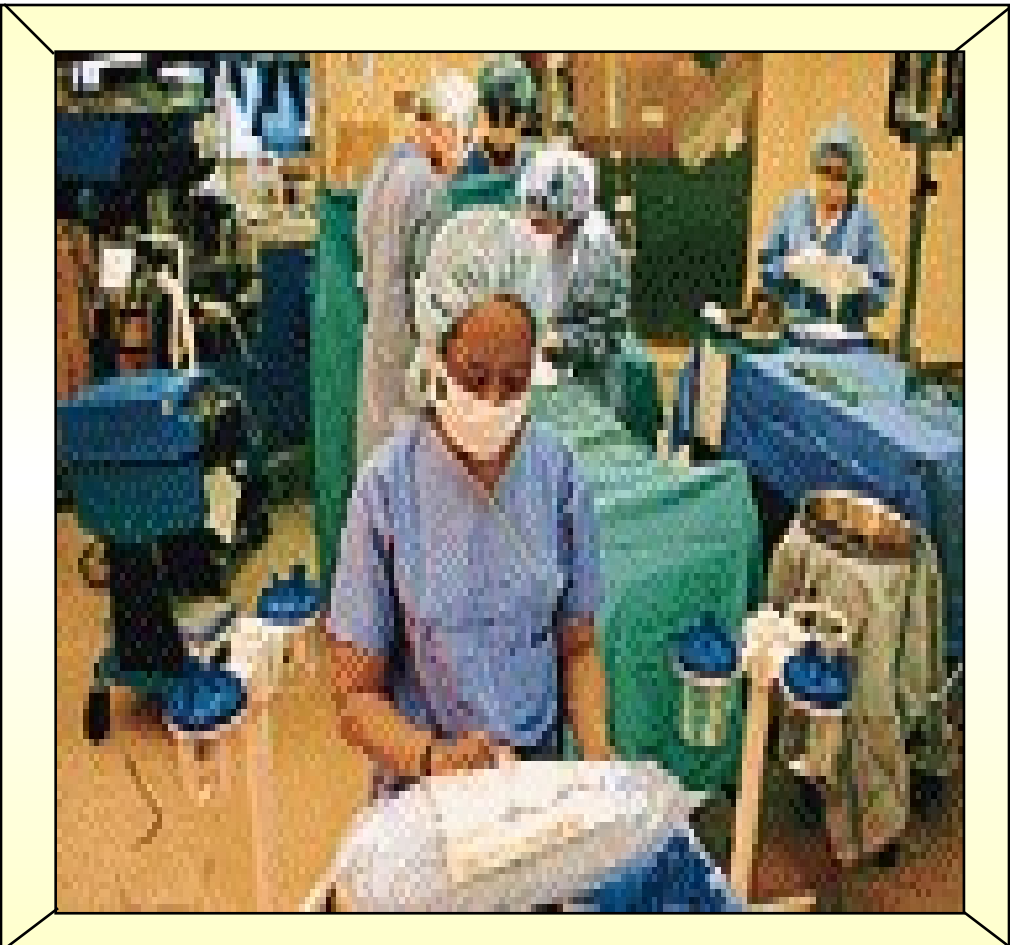
Acquisition



Medical Materiel Business Units

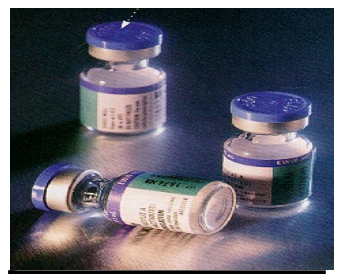
Provide Commodity Focus and Expertise

Medical/Surgical



Equipment

*Every Day
and
Every Crisis*



Pharmaceuticals



Readiness



Medical-Surgical Key Initiatives

- Medical Pricing Initiative Contracting (MEDPIC)
- Medical Electronic Catalog (ECAT)
- Redesign of Prime Vendor Support
- Improving Fleet Prime Vendor

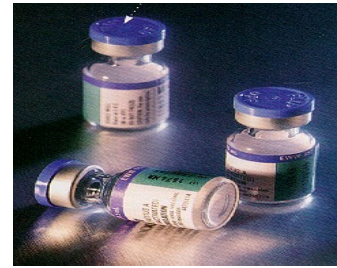
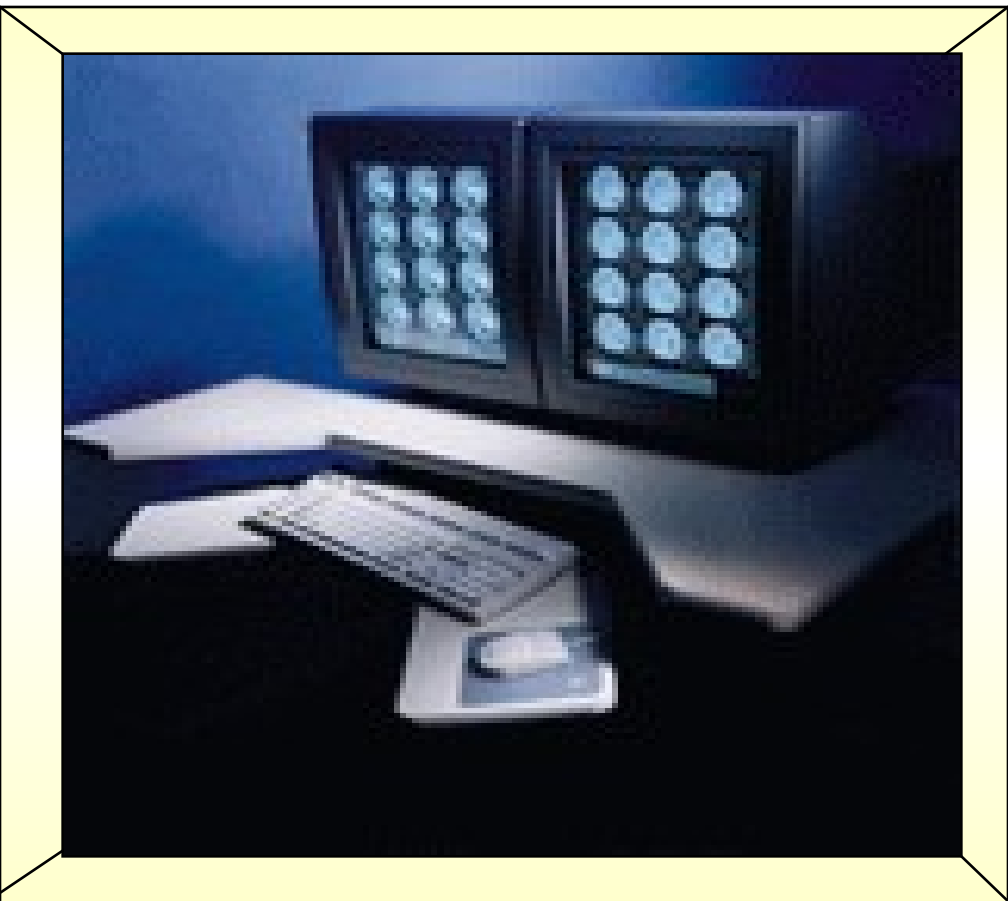




Medical Materiel Business Unit

Provide Commodity Focus and Expertise

Equipment



Pharmaceuticals

*Every Day
and
Every Crisis*



Medical/Surgical



Readiness



Equipment Key Initiatives

➤ Bio Safety Modular Laboratory

➤ ECAT Expansion

- 30 vendors and growing

➤ DIN-PACS (Teleradiology)

➤ DoD/DVA Equipment Appendix

- Shared contracts – lower prices



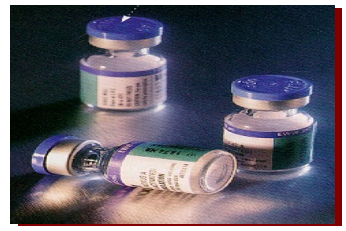


Medical Materiel Business Units

Provide Commodity Focus and Expertise



Equipment



Pharmaceuticals

Readiness



*Every Day
and
Every Crisis*



Medical/Surgical



Combatant Commanders Concerns

“Exclusive reliance upon medical prime vendor (PV) suppliers increases the risks of not meeting surge requirements for a large-scale contingency.”

- **Logistics Management Institute (LMI) Studied Commercial Capability to Support Surge Requirements**
 - **PVs successfully support OEF / OIF**
 - **Commercial support is a strength not weakness**
 - **Gaps exist in the supply chain - not in commercial performance/supply availability - i.e. Service requirements determinations & transportation pipeline**
- Prime Vendors & Commercial Contingency Contracts Support 52% of OIF demands**



DSCCP Medical Materiel Readiness Strategies

- Every Day - Every Crisis
- Focus on Resupply Requirements
(Ready on Day One)
- Invest in Contingency Materiel
- Build “Intelligence”
- Invest in IT Applications That
Support Readiness



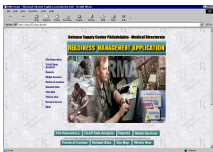
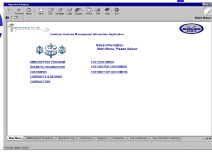


Strategy to Meet Warfighters Needs

- Medical Contingency File (MCF) Application
 - Captures Requirements From the Services
 - Ties NSNs to Commercial Items
 - Commercial Marketplace



- Provides Single Point of Entry for DoD Medical Materiel Readiness Requirements
 - Distribution & Pricing Agreements (DAPA) Management System
Feeds Product Price Catalog
 - Electronic Catalog (ECAT) Web-Based Ordering
 - Corporate Data for Medical Intelligence Application
Business Intelligence on orders to DLA
 - Readiness Management Application
Readiness Modeling Tool





Medical Logistics Support

Strategies

Peace Time

Surge

Sustainment



- Prime Vendor
- Depot
- DVD
- EDI

PLUS

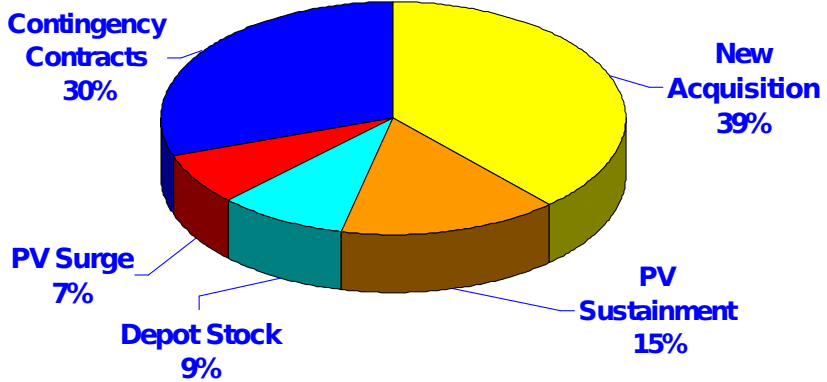
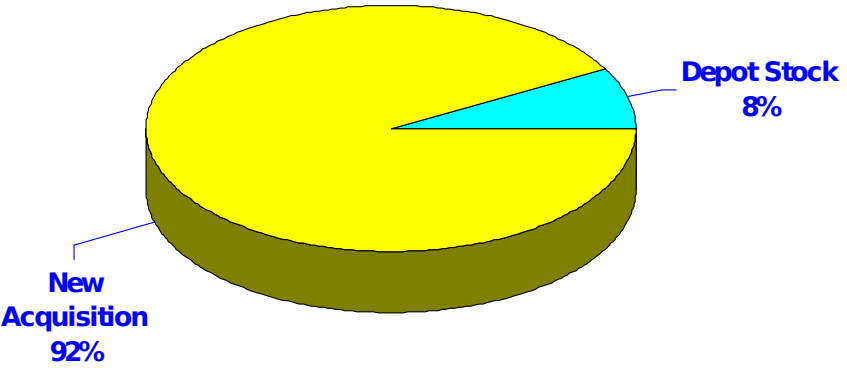
- PV Surge
- Service Stock
- Vendor Managed Inventory (Service Owned)

PLUS

- Contingency Contracts
 - Stock Rotation
 - Corporate Exigency Contracts (CEC)
 - Vendor Managed Inventory (DLA Owned)
 - Overseas Support Initiative (OSI)
- New Acquisition

Warstopper Funding: Key Enabler

Gulf War 1991 / Operation Enduring Freedom / Operation Iraqi Freedom (OEF)





Nerve Agent Antidotes Autoinjectors (NAAA)

- Items are currently provided under an Industrial Base Maintenance Contract (IBMC)
- Demand is between 4 & 5 million items per year
 - Customers include DoD and Dept. of Homeland Security
 - Vendor must have capability to surge when required for go-to-war or other contingency
- Vendor is required to pre-position & rotate enough components to satisfy the Services major war requirements
- Stringent drug & regulatory certification requirements exist for NAAA product, process and facilities



Readiness Materiel Partnership Item Examples

➤ Full or Partial Coverage of approx. 4,500 items

- Ciprofloxacin, Doxycycline
- Patient Movement Items
- Suction Apparatus
- Transport Ventilators
- IV Infusion Pumps
- Surgical Dressings, Gauzes, Gloves, Bandages
- Sutures, Gowns, Syringes, Needles, IV's
- Lab Reagents



Readiness Materiel Requirement FY 04 and Beyond

- Lab Equipment and Consumables
- Medical Gases (Oxygen, Nitrogen, Compressed Air)
- Vaccines
- Unit Dose Pharmaceuticals
- Bandages, Adhesive Tapes, Gauze

FY 04 Warstopper Expenditures: \$47.7M
FY 05 - FY 11 Warstopper Expenditures: \$175.8M



What We Want To Leave You With

- DSCP-Medical
 - Best Commercial Practices
 - Public & Private Partnerships
 - Integrated Systems Solutions
- Commercial Solutions Successful in Wartime Support



Performing a Critical Mission

Provide Medical Materiel Support to the Military Health System



➤ Every Day and in Every Crisis ➤